BRITISH COLUMBIA

Workers' Compensation Board Superannuation Plan

2001

Annual Report

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Workers' Compensation Board Superannuation Plan

2001 Annual Report

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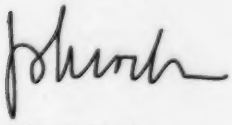
MESSAGE FROM THE TRUSTEES

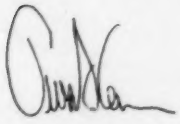
We are pleased to provide you with the Workers' Compensation Board (WCB) Superannuation Plan Annual Report for the fiscal year ending March 31, 2001. On behalf of the plan's trustees, we would like to welcome all new members to the plan. There are currently approximately 2,950 active contributors and 725 retired plan members. This year over 60 new pensions were granted.

The WCB Superannuation Plan is financially sound. The actuarial valuation for March 31, 2000 showed a net actuarial surplus of $108 million.

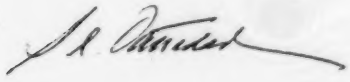
The Pension Corporation continues to provide benefit administration services for the plan. The year under review has been a stable one for the pension plan. We are proud of our record of careful management, and we are confident the plan will continue to maintain the same high standards of performance and service to members.



John A. Mochrie



Owen Carr



Sid Fattedad

TRUSTEES AS OF MARCH 31, 2001
Chair **John A. Mochrie,**
Chief Executive Officer,
British Columbia Pension Corporation
Plan Member Representative, **Owen Carr**
Workers' Compensation Board Representative, **Sid Fattedad**

PLAN BENEFITS

The WCB Superannuation Plan is a defined benefit pension plan. This means the member's basic pension is guaranteed regardless of the financial health of the plan. Benefits are based on the employee's length of service, age at retirement and highest five years of salary. Members are entitled to a pension benefit after two years of enrolment in the plan. The plan also provides survivor and disability benefits.

The British Columbia Pension Corporation provides benefit administration services for the plan.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Investments as at March 31, 2001

	2001	2000
Market Value ($ Millions)	$586.4	$606.0
Basic Account Rates of Return		
Annual	-3.1%	18.3% *
Five-year Average	10.9%	13.8% **
ANNUAL RATES OF RETURN PERFORMANCE BENCHMARK	-5.6%	19.1%

* UPDATED FROM 18.0% WHICH WAS REPORTED IN THE 2000 ANNUAL REPORT AND SUMMARY AND IN THE 2001 ANNUAL REPORT SUMMARY.

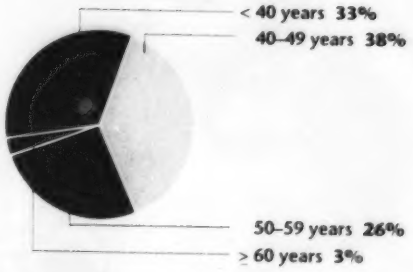
** UPDATED FROM 13.7% WHICH WAS REPORTED IN THE 2000 ANNUAL REPORT AND SUMMARY AND IN THE 2001 ANNUAL REPORT SUMMARY.

Latest Actuarial Valuation as at March 31, 2000

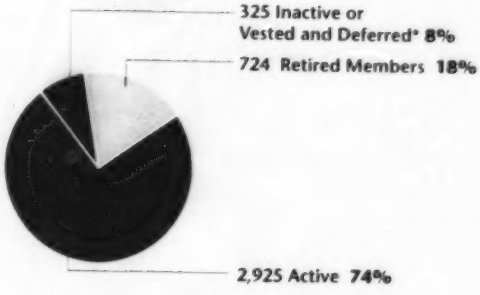
$ Millions

	Basic Pension Benefits	
	2000	1997
Actuarial Net Assets	$524	$305
Actuarial Liabilities	416	252
Net Actuarial Surplus	$108	$53

2001 Age Profile of Active Contributors

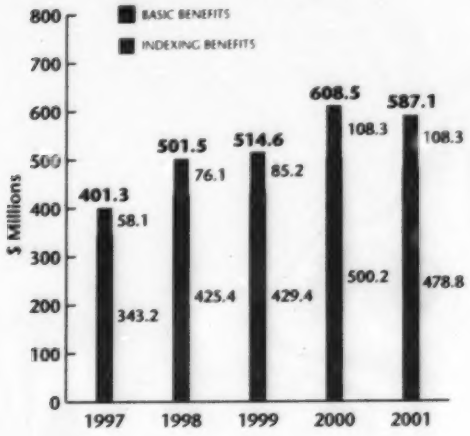


2001 Membership Profile



* MEMBERS NO LONGER EMPLOYED, BUT WITH MONEY IN THE PLAN.

Net Assets Available for Benefits as at March 31, 1997–2001



Five-year Summary Statement of Changes in Net Assets Available for Benefits (Unaudited)

$ Thousands

For the year ended March 31	2001	2000	1999	1998	1997
Increase (Decrease) in Assets					
Net Investment Income (Loss)	$(17,335)	$ 93,400	$ 14,814	$ 91,610	$ 52,866
Contributions					
Members	5,538	5,157	4,760	8,068	7,717
Employers	4,422	6,432	4,183	10,194	9,871
Transfers from Other Plans	684	27	0	0	23
Total Increase (Decrease) in Assets	(6,691)	105,016	23,757	109,872	70,477
Decrease in Assets					
Pension Benefits	11,402	10,043	8,503	7,725	7,268
Termination Benefits	2,746	738	1,854	1,196	1,300
Transfers to Other Plans	187	55	0	131	0
Administration Costs	346	297	302	7,518	6,102
Total Decrease in Assets	14,681	11,133	10,659	9,634	8,657
Increase (Decrease) in Net Assets	(21,372)	93,883	13,098	100,238	61,820
Net Assets Available for Benefits at Beginning of Year	608,469	514,586	501,488	401,250	339,430
Net Assets Available for Benefits at End of Year	$587,097	$608,469	$514,586	$501,488	$401,250

ROLES AND RESPONSIBILITIES

Workers' Compensation Board Superannuation Plan Trustees

Three trustees are jointly responsible for the administration of the plan: the British Columbia Pension Corporation (represented by the Chief Executive Officer), a representative of the plan members, and a representative of the Workers' Compensation Board (WCB).

British Columbia Pension Corporation

The British Columbia Pension Corporation provides benefit administration services for the plan.

British Columbia Investment Management Corporation

The British Columbia Investment Management Corporation (bcIMC) provides investment management services within the investment policies approved by the trustees.

INVESTMENTS

Message from the Chief Investment Officer

The Workers' Compensation Board Superannuation Plan has a well-diversified portfolio and extensive holdings in both fixed income instruments (short-term, mortgages, and bonds) and equities (domestic and foreign stocks, and real estate). This, combined with our commitment to due diligence and disciplined portfolio management, positions the plan to profit from strong markets and helps to mitigate losses when they are weak.

Overall, the past decade has been a strong period for the economy and capital markets. There was a significant improvement in fiscal performance, as many governments went from running large deficits to budgetary surpluses. At the same time, economic growth was strong and there was a significant drop in unemployment. For example, the U.S. experienced the longest economic expansion in its history and its unemployment rate fell to a 30-year low. While such an economic environment will generally produce higher inflation and interest rates, globalization and productivity improvements caused both rates to fall during the 1990s.

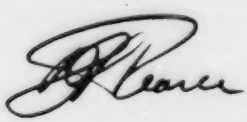
This economic environment, combined with large inflows to capital markets, led to strong returns from equities during the 1990s. In Canadian dollar terms, the S&P 500 index increased at an annualized rate of 21.0 per cent and the TSE 300 index increased at 10.6 per cent. The returns for the five years ending December 31, 1999 were even higher at 29.5 and 17.0 per cent respectively.

The prospect of slower economic growth, and the failure of companies to meet investors' earnings expectations, led to a significant reversal in fiscal 2000/01. In Canadian dollar terms, the S&P 500 index fell 15.1 per cent and the TSE 300 was down 18.6 per cent. The correction was even more severe in certain sectors, most notably, technology and telecommunications. Strong capital inflows to these sectors in recent years created an asset bubble but it burst last year. For example, Nortel Networks rose 287 per cent in fiscal 1999/00 but lost all of this gain during the last 6 months. Overall, there was a dramatic reversal in the fortunes of growth and value stocks.

With the sharp market correction, fiscal 2000/01 returns were disappointing. However, losses from stock markets were partially offset by good returns from other asset classes, such as real estate and bonds. For the year ending March 31, 2001, the basic account earned -3.1 per cent. While still negative, it was significantly above the market benchmark of -5.6 per cent, as our portfolio managers added significant value by mitigating losses. It should also be noted that the return in fiscal 1999/00 was 18.3 per cent and the 5-year annualized return was 10.9 per cent. Strong investment returns are a key reason for the plan's improved funding position and illustrate why it is always important to assess a pension plan's performance from a longer-term perspective.

On a go-forward basis, we believe that more subdued returns and high market volatility may continue for some time to come. We are also anticipating that equity markets will continue to become more highly correlated and this will reduce diversification benefits from foreign stocks. In such an environment, it is important that investors understand the potential impact that key market forces (e.g., technology, globalization, etc.) will have upon different business models and their revenue/earnings strategies. It is also important that investment managers take an active role in corporate governance to ensure that their clients' interests are being protected.

While short-term returns may continue to be more subdued, pension plans have long investment time horizons and should focus on longer-term performance issues, such as demographic transition. The baby boomers are continuing to increase their retirement savings and this should help support capital market returns over the medium term. However, it will also result in increased pension payments when they begin to retire. While these tend to be slow-moving forces, it is important to structure the portfolio to take advantage of long-term market opportunities and challenges that they will create.



Doug Pearce
Chief Investment Officer
British Columbia Investment Management Corporation

Approved Investment Asset Mix

Asset Class	Market Value Lower Limit	Upper Limit
Debt	**30%**	**50%**
Short-term	0%	30%
Bonds	20%	50%
Mortgages	0%	10%
Equity	**55%**	**70%**
Canadian Equities	25%	50%
U.S. Equities	0%	14%
International Equities	0%	14%
Real Estate	0%	10%
Private Placements	0%	2%

Approved Investment Asset Mix

The WCB Superannuation Plan holds a diversified portfolio of debt and equity investments. Diversification of assets and investment styles is an important component of investment strategy for the fund because it decreases investment risk.

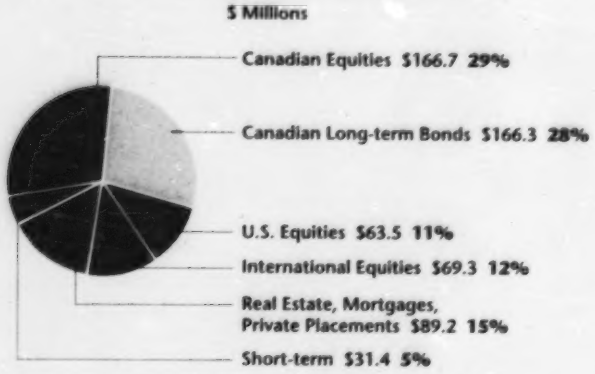
The trustees approved the asset mix range in the accompanying table. Targets for strategic and short-term allocation of assets must fall within the approved asset mix. For purposes of the asset mix, short-term includes Canadian government bonds with one- to five-year terms and money market securities.

Investment Portfolio

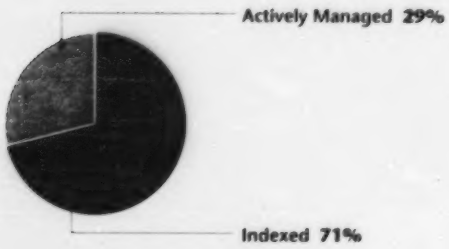
Investments Held as at March 31, 2001

	Market Value	Asset Mix % Market Value
Province of BC Pooled Investment Portfolio Units		
Money Market	$ 16,710,180	3%
Canadian Bonds		
Government	124,434,242	21%
Corporate	10,034,818	2%
Long-term	20,243,803	3%
Short-term (1 to 5 years)	14,735,387	2%
Canadian Equities		
Indexed	118,320,772	20%
Actively Managed	48,342,500	9%
U.S. Equities		
Indexed	39,408,685	7%
Actively Managed	24,105,099	4%
International Equities		
Asia	10,535,047	2%
Europe	36,932,712	6%
Europe, Australia and the Far East	21,690,670	4%
Real Estate	54,278,764	9%
Mortgages	20,211,679	3%
Private Placements	14,668,940	3%
Total Pooled Portfolios	**$574,763,297**	**98%**
Canadian Real Return Bonds	**11,587,619**	**2%**
Total Investments	**$586,350,916**	**100%**
2000 Comparison	**$605,987,602**	

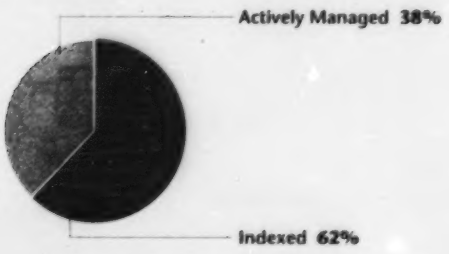
2001 Investment Holdings (Market Value)


$ Millions
Canadian Equities $166.7 29%
Canadian Long-term Bonds $166.3 28%
U.S. Equities $63.5 11%
International Equities $69.3 12%
Real Estate, Mortgages, Private Placements $89.2 15%
Short-term $31.4 5%

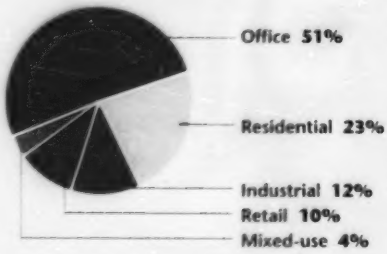
Canadian Equities (Market Value)



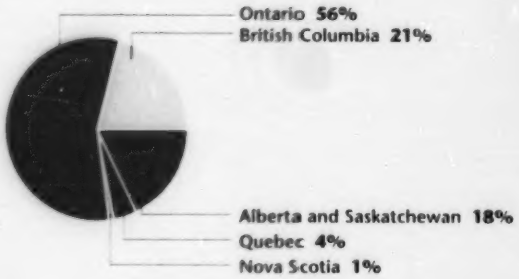
U.S. Equities (Market Value)



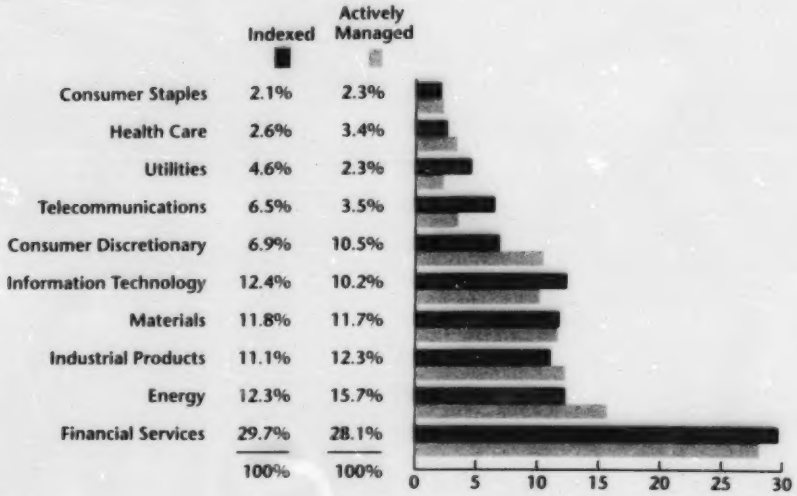
Real Estate, by Type



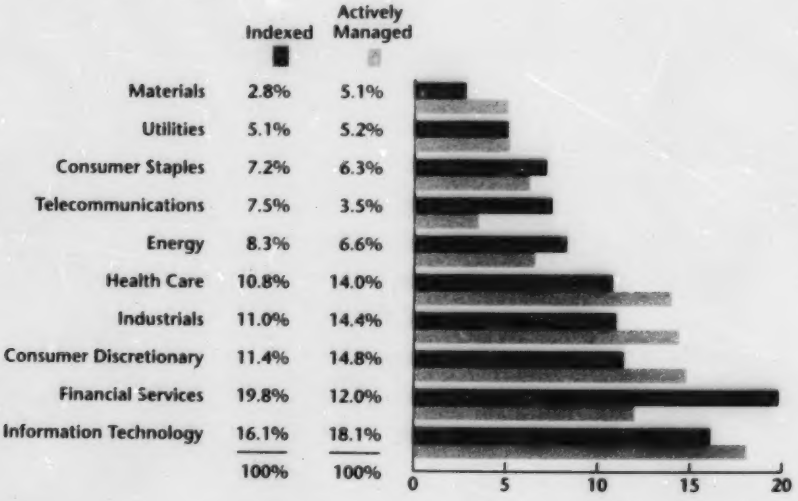
Real Estate, by Location



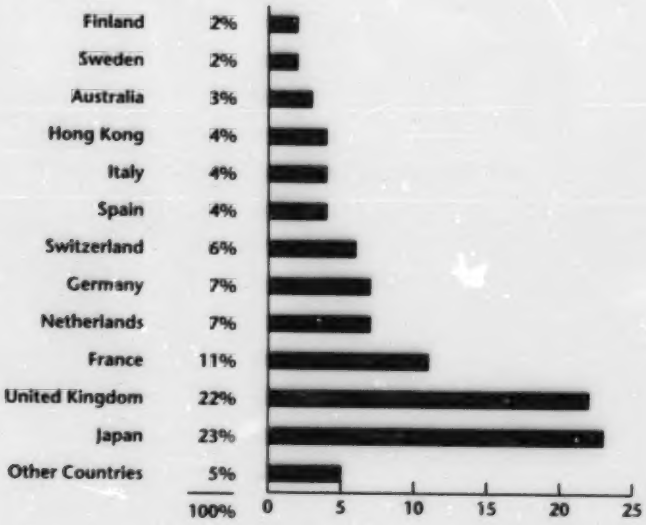
Canadian Equities, by Sector



U.S. Equities, by Sector



International Equities



Investment Performance

Net Earned Rate of the Fund

Year	%
1997	11.3
1998	13.5
1999	12.0
2000	13.8 *
2001	**10.9**

RATES OF RETURN ARE BASED ON A FIVE-YEAR AVERAGE.

* CORRECTED FROM 2000 ANNUAL REPORT AND 2001 SUMMARY.

Market Value Rates of Return for the Year Ended March 31, 2001

	Basic Account	Inflation Adjustment Account	2001 Performance Benchmarks	
Five-year Average Rates				
2001	**10.9%**			
2000 Comparison	13.8%			
Annual Rates				
2001	**-3.1%**	**-3.1%**	**-5.6%**	
2000 Comparison	18.3%	19.4%	19.1%	
2001 Annual Rates by Investment Category				**2001 Performance Benchmark Indices**
Short-term				
Money Market	6.0%	6.0%	**5.7%**	SCI 91-Day Treasury Bills
Bonds	8.9%	8.9%	**8.8%**	SCI Short-term Government Bonds
Bonds				
Government	8.8%	8.8%	**8.7%**	SCI Government Universe
Corporate	9.1%	9.1%	**8.7%**	SCI Corporate Universe
Long-term	6.9%	6.9%	**6.9%**	RBC DS Long Government Bonds
Real Return	0.0%	13.3%	**0.0%**	SCI Real Bond
Canadian Equities				
Actively Managed	1.9%	1.9%	**-15.0%**	TSE 300
Indexed				
TSE 300	-17.6%	-17.6%	**-18.6%**	TSE 300
TSE 100	-19.4%	-19.4%	**-20.2%**	TSE 100
U.S. Equities				
Actively Managed	-16.6%	-16.6%	**-16.2%**	R 1000
Enhanced	-17.5%	-17.5%	**-16.2%**	R 1000
Indexed	-14.8%	-14.8%	**-15.1%**	S&P 500
International Equities				
Asia	-37.3%	-37.3%	**-26.5%**	MSCI Pacific Basin Net
Europe	-19.0%	-19.0%	**-16.2%**	MSCI Europe Net
Europe, Australia and the Far East	-18.9%	-18.9%	**-19.6%**	MSCI EAFE Net
Real Estate	9.3%	9.3%	**11.9%**	R Canadian Property Index
Mortgages				
Fixed-term	9.7%	9.7%	**10.0%**	SCI Short-term Bonds + 1%
Construction	9.5%	9.5%	**7.5%**	SCI Treasury Bills + 1%
Specialty	10.7%	10.7%	**9.5%**	SCI One-year Bills + 2.5%

Performance Benchmark Indices Abbreviations

SCI	= Scotia Capital Inc.
RBC DS	= Royal Bank Dominion Securities
TSE	= Toronto Stock Exchange
R	= Russell
S&P	= Standard & Poor's
MSCI	= Morgan Stanley Capital International
MSCI EAFE	= Morgan Stanley Capital International Europe, Australia & Far East

(SOURCE OF ANNUAL RATES: BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION)

PLAN FUNDING/ ACTUARIAL VALUATION

Employees and employers both contribute to the plan. At least every three years, an independent actuary assesses the adequacy of the contribution rates for funding the pension plan. The latest valuation examined the plan as at March 31, 2000, and disclosed an actuarial surplus of $108 million. The next valuation will be as at March 31, 2003.

Latest Actuarial Valuation as at March 31, 2000

$ Millions

	Basic Pension Benefits	
	2000	1997
Actuarial Net Assets	$524	$305
Actuarial Liabilities	416	252
Net Actuarial Surplus	$108	$53

Contributors and Contributions

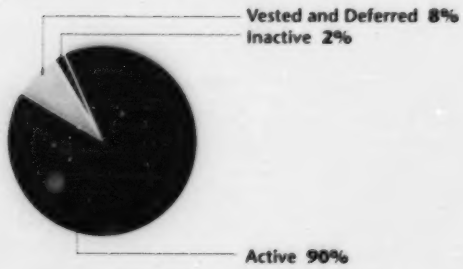
Today there are over 2,900 active members and over 700 retired members in the WCB Superannuation Plan.

There are three categories of contributors.

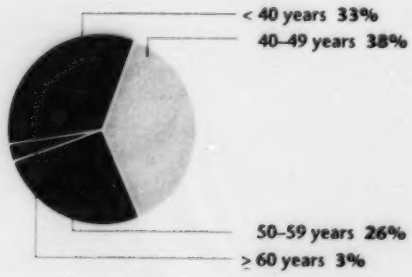
- Active—those who are currently contributing to, or are receiving benefits from an approved salary continuance plan or are on a leave of absence.
- Inactive—those who are no longer employed but who have contribution balances on record and are not eligible for a pension in the future.
- Vested and deferred—those who are no longer employed and are eligible for a future pension. From 1998 on, the number of vested and deferred members includes inactive members who are active in another BC Family of Plans* pension plan and are likely to have a vested entitlement on the basis of a combined plan.

*Effective October 1, 1999, the BC Family of Plans was replaced by the provisions of a new Interplan Pension Transfer Agreement.

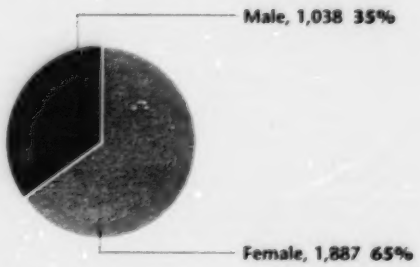
2001 Contributor Profile



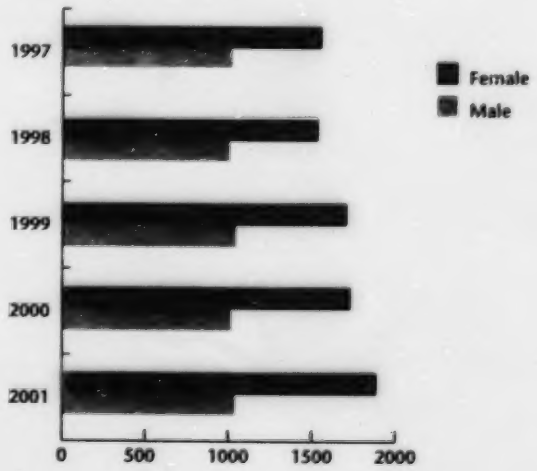
2001 Age Profile of Active Contributors



2001 Active Contributor Profile



Active Contributors

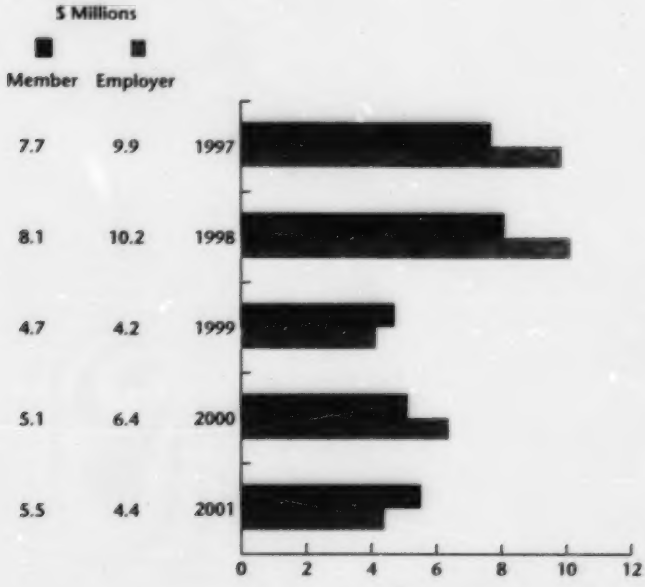


Number of Contributors

	Active	Inactive	Vested and Deferred	Total
1997	2,589	147	76	2,812
1998	2,592	132	139	2,863
1999	2,745	119	162	3,026
2000	2,814*	86*	235	3,135
2001	**2,925**	**71**	**254**	**3,250**

NOTE: HISTORICAL STATISTICS HAVE BEEN RESTATED TO INCLUDE LEAVE OF ABSENCE AS ACTIVE.
* 2000 FIGURES UPDATED FROM 2000 ANNUAL REPORT.

Contributions



Termination Benefits

A terminating member may be eligible for one or more of the following benefits:

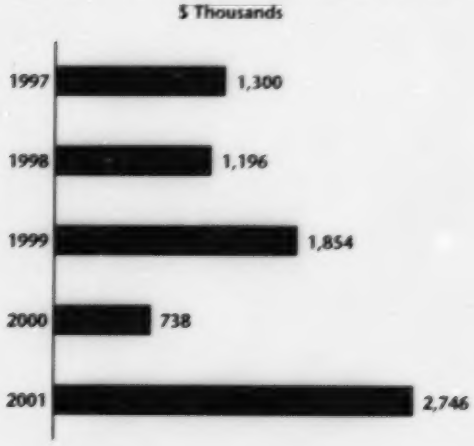
- a refund of contributions with interest
- a transfer of the commuted value of the pension benefit to a locked-in registered retirement savings plan or a registered pension plan, or
- a deferred pension.

After January 1, 1998, a terminating member with two or more years of service can claim vested, locked-in benefits in the form of a transfer of the commuted value or a deferred pension.

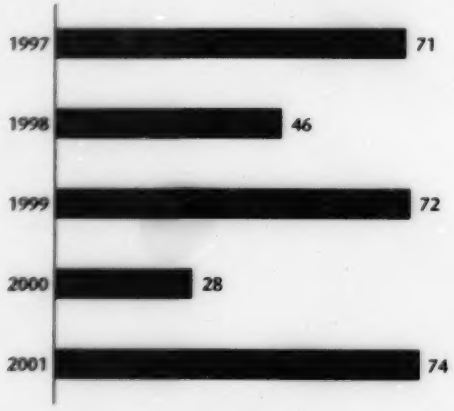
The number of termination benefits paid can vary from year to year. In 2001, the total value of termination benefits increased as a result of an increase in the total number of benefits paid.

If a non-vested member leaves the plan and takes a refund of contributions, the refund includes interest. Interest is credited to the member's contribution balance and compounds semi-annually. The balance, including interest, is included in the plan member's annual benefit statement.

Value of Termination Benefits Paid



Number of Termination Benefits Paid



TERMINATION BENEFITS INCLUDE EITHER REFUNDS OF CONTRIBUTIONS OR COMMUTED VALUE TRANSFERS. DEFERRED PENSIONS ARE INCLUDED IN PENSION STATISTICS.

Annual Rates for Interest Credited to Contribution Balances

1996/97	5.0%
1997/98	6.25%
1998/99	11.25%
1999/00	13.5%
2000/01	**12.0%**

Pensions

The number of retired members continues to grow with the aging of the membership, and as a result of the early retirement program that began November 1, 1998 and continued until January 1, 2000. The number of retired members on the payroll increased 3% from 2000 to 2001.

Pensions are paid at the end of each month, beginning with whichever of the following comes latest:

- the month following the month in which the plan member becomes eligible
- the month following the month in which the plan member receives the final salary payment, or
- the month in which the Pension Corporation receives the member's application.

The plan pays a full month's pension for the month in which a pensioner dies.

Pensions 1997–2001

	Granted during Year	Pension Terminations	In Force at End of Year	Basic Pensions Paid ($ Millions)	Inflation Supplements Paid ($ Millions)	Total ($ Millions)
1997	27	8	572	5.8	1.5	7.3
1998	41	17	596	6.1	1.6	7.7
1999	47	17	626	6.9	1.6	8.5
2000	89	12	703	8.3	1.6	10.0
2001	**36**	**15**	**724**	**9.5**	**1.9**	**11.4**

Pensions Granted, by Type 1997–2001

	Normal*	Death*	Disability+	Deferred	Total
1997	21	1	3	2	27
1998	36	2	2	1	41
1999	38	1	5	3	47
2000	76	4	5	4	89
2001	**27**	**–**	**4**	**5**	**36**

* PENSIONS GRANTED DO NOT INCLUDE ANY PENSION CONTINUED TO A BENEFICIARY UPON THE DEATH OF A RETIRED MEMBER.
+ INCLUDES MEMBERS ON LONG-TERM DISABILITY WHO BECAME ELIGIBLE FOR A REGULAR PENSION.

NOTE: 29 PENSIONS ESTIMATED AND PAID IN 2000 WERE FINALIZED COMPLETELY IN 2001. THESE PENSIONS ARE INCLUDED IN 2000 IN THE ABOVE TABLES.

The value of a pension depends on a number of factors, including the member's age, salary and length of service at the time of retirement.

The table below shows the average asset value ("present value") of pensions granted during 2000-2001. The asset value represents the approximate cost of purchasing an average pension provided under the WCB Superannuation Plan.

Value of Normal Pensions Granted April 1, 2000 to March 31, 2001

Subdivided by Years of Service

Years of Service *	Number of Pensions Granted	Average Annual Salary Base	Average Annual Pension (Single Life Option)	Average Present Value of Pensions	Total Present Value of Pensions ($ Millions)
< 10 yrs	2	$53,000	$ 2,800	$ 35,000	$ 0.1
10 – 14	6	70,000	13,900	183,000	1.1
15 – 19	4	57,000	16,300	211,000	0.8
20 – 24	4	55,000	19,200	268,000	1.1
25 – 29	5	65,000	26,600	377,000	1.9
30 – 34	5	64,000	31,700	502,000	2.5
> 35	1	55,000	29,300	500,000	0.5
Total	27	n/a	n/a	n/a	$8.0
All Pension Average	n/a	$62,000	$20,400	$296,000	n/a

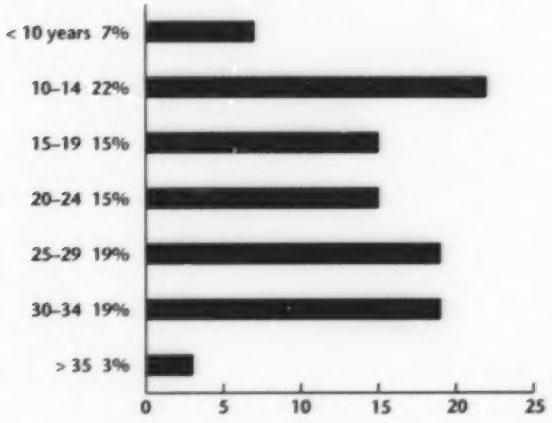
* YEARS OF SERVICE INCLUDES SERVICE TRANSFERRED FROM OTHER PLANS

2001 Normal Pensions, Age at Retirement

Subdivided by years of service and age at retirement

Years of Service	55	56–59	60–64	65+	Total
< 10 yrs	–	–	1	1	2
10 – 14	1	2	1	2	6
15 – 19	–	2	1	1	4
20 – 24	–	–	3	1	4
25 – 29	1	–	4	–	5
30 – 34	3	1	1	–	5
> 35	–	1	–	–	1
Total	5	6	11	5	27

Percentage of 2001 Normal Pensions by Years of Service



Other

Portability Provisions

Portability allows a member of a pension plan to transfer pension rights and contributions to another plan. For instance, members of the WCB Superannuation Plan may transfer their years of pensionable service and plan contributions to a new plan at a different place of employment if the WCB has a portability agreement with the new plan. Employers who allow transfers of pension rights to other employers or pension plans are referred to as "reciprocal employers." Members of the WCB Superannuation Plan who have made contributions to another pension plan should inquire about portability agreements.

In 2001, the plan received 11 reciprocal transfers-in for approximately $684,000 and paid five transfers-out for approximately $187,000.

Amendments to plan benefits in the prior year included changes to the reciprocity between our plan and other plans in the BC Family of Plans (College, Public Service, Municipal and Teachers') in order to bring them into compliance with the *Income Tax Act* (Canada). Reciprocity continues, but under the *Interplan Pension Transfer Agreement*.

Purchase of Additional Service

It may be possible for plan members to purchase additional service. This may include:

- approved leaves of absence
- arrears contributions
- non-contributory services, or
- reinstatement of refunded contributions.

Member and Employer Purchases of Additional Service

	Number of Purchases		Value of Purchases $ Thousands	
	2001	2000	2001	2000
Approved Leaves of Absence	10	–	$5	$ –
Arrears Contributions	6	4	7	3
Non-contributory Service	–	–	–	–
Reinstatement of Refunded Contributions	2	4	51	15
Total	18	8	$63	$18

Communications

Communicating with plan members is a priority. The Pension Corporation produces *Pensionfacts*, a series of information sheets on various topics, and a newsletter for retired members.

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AUDITORS' REPORT

To the Members of the Workers' Compensation Board Superannuation Plan

We have audited the statement of net assets available for benefits of the Workers' Compensation Board Superannuation Plan as at March 31, 2001 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's administrator. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the administrator, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the Plan's net assets available for benefits as at March 31, 2001 and the changes in its net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures as at and for the year ended March 31, 2000 were reported on by the Auditor General of British Columbia.

KPMG LLP

Chartered Accountants

Victoria, Canada

July 9, 2001

PENSION CORPORATION

Executive Offices

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WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN

ADMINISTRATOR'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of the Workers' Compensation Board Superannuation Plan were prepared by the British Columbia Pension Corporation, the benefit administrator for the Plan. The Corporation is responsible for the integrity and fairness of the data presented, including significant accounting judgements and estimates. This responsibility includes selecting appropriate accounting policies consistent with generally accepted accounting principles in Canada. Other financial information contained in the Annual Report for the Plan conforms to these financial statements.

In discharging its responsibility for the integrity and fairness of these financial statements, the Corporation maintains the internal controls necessary to provide reasonable assurance that relevant and reliable financial information is produced and that assets are properly safeguarded.

The firm of Eckler Partners Ltd. has been appointed the independent consulting actuary to the Plan. The role of the actuary is to complete an actuarial valuation of the Plan in accordance with accepted actuarial practice; the results of the valuation are included in these financial statements.

The firm of KPMG LLP has performed an independent audit of the financial statements of the Plan in accordance with Canadian generally accepted auditing standards. The resulting audit opinion is set out in the Auditor's report attached to these financial statements.

JOHN A. MOCHRIE
Chief Executive Officer
British Columbia Pension Corporation

P. LOUISE YOUNG, C.A.,
Vice-President, Information Management,
Finance and Administration
British Columbia Pension Corporation

July 6, 2001

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
($ Thousands)

March 31	2001	2000
ASSETS		
Investments (Note 3)	$ 586,351	$ 605,988
Receivables		
Due from sale of investments	6,386	6,900
Members' contributions	426	408
Employer's contributions	119	1,329
Accrued investment income	148	105
Other	24	27
	7,103	8,769
Prepaid pension allowances	-	120
Cash	22	48
Total Assets	593,476	614,925
LIABILITIES		
Accounts payable and accrued expenses	936	586
Payable for purchase of investments	5,443	5,870
Total Liabilities	6,379	6,456
NET ASSETS AVAILABLE FOR BENEFITS	$ 587,097	$ 608,469

Obligations for Pension Benefits (Note 7)

Commitments (Note 10)

All other accompanying notes are an integral part of these financial statements.

John A. Mochrie
Chief Executive Officer
British Columbia Pension Corporation, Trustee

Sid Fattedad
Workers' Compensation Board of British Columbia
Trustee

Owen Carr
Workers' Compensation Board of British Columbia
Trustee

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
($ Thousands)

For the year ended March 31	Basic Account	Inflation Adjustment Account	Supplemental Benefits Account	Totals 2001	2000
INCREASE (DECREASE) IN ASSETS					
Investment income (loss) (Note 4)	$ (13,827)	$ (3,508)	$ -	$ (17,335)	$93,400
Contributions (Note 5)					
Members'	3,978	1,560	-	5,538	5,157
Employer	3,122	1,237	63	4,422	6,432
	7,100	2,797	63	9,960	11,589
Transfers from other plans	509	175	-	684	27
Total Increase (Decrease) in Assets	(6,218)	(536)	63	(6,691)	105,016
DECREASE IN ASSETS					
Pension benefits					
Contributory	9,494	-	56	9,550	8,399
Indexing supplements	1,852	-	-	1,852	1,644
	11,346	-	56	11,402	10,043
Termination benefits	2,152	594	-	2,746	738
Transfers to other plans	137	50	-	187	55
Administration costs (Note 9)	339	-	7	346	297
Total Decrease in Assets	13,974	644	63	14,681	11,133
INCREASE (DECREASE) IN NET ASSETS BEFORE TRANSFERS	(20,192)	(1,180)	-	(21,372)	93,883
Account transfers (Note 6)	(1,202)	1,202	-	-	-
INCREASE (DECREASE) IN NET ASSETS	(21,394)	22	-	(21,372)	93,883
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	500,151	108,318	-	608,469	514,586
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	$ 478,757	$ 108,340	$ -	$ 587,097	$608,469

Supplemental Benefits Account (Note 10)

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2001

1. DESCRIPTION OF THE WCB SUPERANNUATION PLAN

The following brief description of the Workers' Compensation Board Superannuation Plan (the Plan) is provided for general information only. For more information refer to the Plan document.

a) General

The Plan is a contributory defined benefit pension plan open to all eligible employees and board members of the Workers' Compensation Board (WCB).

b) Roles and Responsibilities

There are three trustees who are jointly responsible for the administration of the Plan.

The British Columbia Investment Management Corporation (bcIMC) provides investment management services within the investment policies approved by the trustees.

The British Columbia Pension Corporation (Pension Corporation) provides benefit administration services to the Plan.

c) Contributions

Basic Account

As a result of the 50% contribution holiday for members, which was implemented in 1999, the member contributions to the Basic Account were 2.25% of salaries up to the Canada Pensions Plan year's Maximum Pensionable Earnings (YMPE) ($37,600 in 2000) and 3% of salaries above that.

The employer matched member contributions until December 2000, at which time employer contributions were fully suspended.

The March 31, 2000, actuarial valuation surplus exceeded the limit permitted by the *Income Tax Act (Canada)* resulting in employer contributions being fully suspended until the excess is used up. The maximum annual reduction of this surplus permitted is $18 million.

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2001

1. DESCRIPTION OF THE WCB SUPERANNUATION PLAN (continued)

c) Contributions (continued)

Inflation Adjustment Account

Members contribute 1.0% of salaries to the IAA and the employer also contributed 1.0% of salaries to the IAA until December 2000, at which time employer contributions were fully suspended.

d) Pension Benefits

All members with two years of contributory service are eligible for a pension benefit.

Members are eligible for unreduced pension benefits:

- at age 65;
- at age 60, with at least 2 years contributory service; or
- at age 55 or older, with a total of age plus years of service equalling 90 or more.

Other retiring members have a reduction formula applied to their pensions.

The plan benefit is integrated with the Canada Pension Plan (CPP). As a result, the Plan provides an unreduced benefit of 1.3% of pensionable earnings, up to the CPP Year's Maximum Pensionable Earnings (YMPE) and 2% of pensionable earnings over the YMPE, for each year of pensionable service (to a maximum of 35 years). Pensionable earnings is based on the member's highest five-year average salary (HAS). The Plan also provides an unreduced bridging benefit with CPP which is payable to age 65 (or the date of death, if earlier). The unreduced bridging benefit is 0.7% of the lesser of YMPE or the HAS, for each year of the member's pensionable service since January 1, 1966 (when CPP was introduced).

Increases to pension payments are provided each January 1 in accordance with the indexing provisions of the Plan. These increases are based on the annual increase in the Consumer Price Index (CPI) as at the previous September 30, and are subject to availability of funds in the Inflation Adjustment Account (Note 6).

At January 1, 2001 retired members received a full CPI increase of 2.7% (2000 – 2.6%).

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2001

1. DESCRIPTION OF THE WCB SUPERANNUATION PLAN (continued)

e) Termination and Portability Benefits

A terminating member who has not reached the earliest age at which the member would be eligible to receive an immediate pension is eligible to receive:

- a deferred pension; or
- a refund of contributions with interest; or
- a transfer of the commuted value of the pension benefit (the minimum value is the members' contributions with interest) to a locked-in Registered Retirement Savings Plan, other registered pension plan or similar tax-sheltered plan.

A terminating member may also choose to leave monies on deposit in anticipation of possible future entitlements. Where there are portability arrangements between the Plan and other plans, members may be able to carry certain pension rights to those other plans, or transfer contributions and service from those other plans to increase pension benefits under the Plan.

f) Other Benefits

Supplemental disability and survivor benefits (Note 10) are available under the Plan. Under certain circumstances, members may also reinstate or purchase additional service to increase their future pension benefits.

g) Income Taxes

The Plan is a Registered Pension Plan (RPP) as defined in the *Income Tax Act (Canada)* and is not subject to income taxes, except for supplemental benefits (Note 9), which are provided in addition to the RPP.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Presentation

These financial statements present the aggregate financial position of the Plan as a separate financial reporting entity, independent of the Plan's contributing employer and members. The statement of net assets available for benefits shows the assets under control of the trustees of the Plan, and does not purport to show their adequacy to meet the obligations of the Plan.

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2001

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Investments

Investments are stated at market value. Market value is derived from external quotations or appraisals. Investment purchases and sales are recorded on trade date.

c) Investment Income

Investment income is recorded on the accrual basis.

d) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of increases and decreases in assets and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense during the period. Actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to the valuation of investments and the estimate of the actuarial surplus for the Basic Account.

3. INVESTMENTS (Market Value)

	2001			2000
	Basic Account	Inflation Adjustment Account	Total	Total
			($ Thousands)	
Short-term	$ 11,702	$ 5,008	$ 16,710	$ 28,497
Canadian Bonds	148,081	32,956	181,037	182,220
Canadian Equities	136,900	29,763	166,663	199,515
U.S. Equities	52,471	11,043	63,514	64,383
International Equities	57,561	11,707	69,268	55,651
Mortgages	16,647	3,564	20,211	20,253
Real Estate	44,731	9,548	54,279	46,584
Private Placements	14,644	25	14,669	8,885
	$482,737	$103,614	$586,351	$605,988

Plan investments consist primarily of direct ownership in units of pooled investment portfolios, managed by the bcIMC. Each unit gives its holder a proportionate share in the net assets of the respective pooled fund. One or more pooled investment

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2001

3. INVESTMENTS (continued)

portfolios exist for different types of asset classes, such as short-term investments, Canadian bonds and Canadian equities.

Short-term investments consist of Canadian money market securities, such as treasury bills, with terms of 15 months or less. Canadian bonds consist of government and corporate bonds and debentures. Equities consist primarily of publicly traded shares, and in the case of international equities refer to investments in Europe, Australia and the Far East. Mortgages consist mainly of Canadian construction, commercial and multi-family residential mortgages. Real estate investments consist mainly of Canadian diversified income-producing properties. Private placements refer to Canadian and international long-term debt or equity investments made outside the structure of public markets (Note 10).

The mortgages are secured by real estate and are valued using current market yields. The real estate is valued a minimum of semi-annually by the real estate investment managers and on average, annually by external appraisal to establish current market values. Private placements are valued annually for the closed-end funds.

4. INVESTMENT INCOME

	2001			2000
	Income Allocation	Current Period Change In Market Value	Total	Total
			($ Thousands)	
Basic Account				
Short-term	$ 889	$ 18	$ 907	$ 548
Canadian Bonds	9,290	3,915	13,205	2,035
Canadian Equities	2,335	(16,613)	(14,278)	53,814
U.S. Equities	672	(9,092)	(8,420)	7,983
International Equities	782	(13,118)	(12,336)	9,483
Mortgages	1,260	334	1,594	902
Real Estate	2,151	1,806	3,957	3,018
Private Placement	33	2,170	2,203	(171)
	$17,412	$(30,580)	$(13,168)	$77,612
Investment Management Costs			(659)	(560)
Net Investment Income (loss)			$(13,827)	$77,052

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2001

4. INVESTMENT INCOME (continued)

	2001			2000
	Income Allocation	Current Period Change in Market Value	Total	Total
			($ Thousands)	
Inflation Adjustment Account				
Short-term	$ 299	$ 7	$ 306	$ 156
Canadian Bonds	2,054	1,181	3,183	1,122
Canadian Equities	489	(4,161)	(3,672)	10,771
U.S. Equities	132	(1,954)	(1,822)	1,511
International Equities	162	(2,747)	(2,585)	2,129
Mortgages	256	66	374	175
Real Estate	456	378	834	585
	$3,848	$(7,230)	$ (3,382)	$16,449
Investment Management Costs			(126)	(101)
Net Investment Income (loss)			$ (3,508)	$16,348
Total Basic and Inflation Adjustment Accounts				
Total Investment Income (loss)			$(16,550)	$94,061
Total Investment Management Costs (Note 8)			(785)	(661)
Total Net Investment Income (loss)			$(17,335)	$93,400

The income allocation portion of investment income represents pooled investment portfolio income attributable to the pension fund, as a unitholder, and as calculated by the bcIMC, as well as interest income from directly held investments. All income earned within a pooled investment portfolio is reinvested within the portfolio.

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2001

5. CONTRIBUTIONS

	2001				2000
	Basic Account	Inflation Adjustment Account	Supplemental Benefits Account	Total	Total
				($ Thousands)	
Members' contributions					
Regular	$3,916	$1,559	$ -	$5,475	$ 5,139
Arrears	7	-	-	7	3
Purchase of non-contributory service	-	-	-	-	-
Leave of absence	4	1	-	5	-
Refund reinstatement	51	-	-	51	15
	3,978	1,560	-	5,538	5,157
Employer's contributions					
Regular	2,930	1,191	-	4,121	5,105
Early retirement incentive program	181	45	-	226	1,293
Arrears	9	-	-	9	-
Purchase of non-contributory service	1	-	-	1	-
Leave of absence	1	1	-	2	-
Supplemental benefits	-	-	63	63	34
	3,122	1,237	63	4,422	6,432
Total Contributions	$7,100	$2,797	$ 63	$9,960	$11,589

Employer contributions for 2000 include contributions by the WCB for an Early Retirement Incentive Program (ERIP). This program was available to eligible employees from November 1, 1998 to January 1, 2000. The cost of the ERIP was borne entirely by the employer. The employer contributions for 2001 reflect the residual effect of this program as the last participants were approved and processed.

6. ACCOUNT TRANSFERS

	2001		2000	
	Basic Account	Inflation Adjustment Account	Basic Account	Inflation Adjustment Account
		($ Thousands)		
Present value of current indexing supplements	$ 2,610	$(2,610)	$ 2,110	$(2,110)
Indexing of deferred pensions	256	(256)	26	(26)
Excess interest	(4,068)	4,068	(5,884)	5,884
	(1,202)	1,202	$(3,748)	$ 3,748

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2001

6. ACCOUNT TRANSFERS (continued)

A separate account is maintained for funding future indexing supplements. This Inflation Adjustment Account (IAA) is funded through a portion of ongoing contributions from the employer and members (Note 1c), from investment income earned on its own assets, and from excess interest earned in the Basic Account.

All pension payments are made from the Basic Account. Each year, when retired members' pension payments are adjusted for current indexing, monies are transferred from the IAA to the Basic Account to cover the present value of all future payments arising from the current indexing supplements.

When a deferred pension begins to be paid, the present value of the cost of living changes during the deferral period is transferred from the IAA to the Basic Account.

Excess interest is based only on investment income earned on those Basic Account assets required for pensions currently being paid (approximately $105.7 million of assets for 2001, $89.8 million for 2000). The excess interest rate of return based on a five-year average is determined by taking the difference between the actual market rate of return and the rate of return used by the actuary (7%) in valuing the Plan's liabilities. The calculated excess interest rate of return for 2001 was 3.85% (2000 – 6.55%). Should the excess interest rate calculation ever result in a negative return, the negative return will be carried forward and offset against future excess returns.

7. OBLIGATIONS FOR PENSION BENEFITS

An actuarial valuation is performed at least every three years and its primary objective is to assess the financial position and adequacy of funding for the Basic Account of the Plan. This is the account from which the defined guaranteed basic benefits of the Plan are paid and from which any indexing that has been granted to retired members is also paid. Indexing benefits are not guaranteed within the Plan provisions and are granted to retired members only to the extent that sufficient money is available from the IAA to fund those benefits. As indexing is granted, the Basic Account receives from the IAA the necessary net present value funding for the granted indexing. Therefore, accrued basic pension benefits, for valuation purposes, include the liability for all indexing granted to the date of the valuation, but not, as yet unknown, future indexing.

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2001

7. OBLIGATIONS FOR PENSION BENEFITS (continued)

The latest actuarial valuation of the Basic Account was made as at March 31, 2000 by Eckler Partners Ltd. At that valuation net assets were $524.1 million (1997 - $305.4 million) and liabilities for accrued benefits were $416.1 million (1997 - $252.3 million), resulting in a net surplus of $108 million (1997 - $52.8 million). The next formal valuation will be as at March 31, 2003 and results are expected to be available in late 2003.

The main changes between the 1997 and 2000 valuations are as follows:

	($ Millions)
Actuarial surplus as at March 31, 1997	52.8
Interest on surplus	12.2
Investment income in excess of actuarial rate of return	50.2
Salary increases less than previously assumed	18.6
Statutory contributions greater than normal cost	(23.8)
Changes in benefits and assumptions	3.6
Other	(5.6)
Surplus as at March 31, 2000	108.0

As a result of this valuation, the actuary's calculated level contribution rate for basic pension benefits was 7.84% of employer payroll for salaries above the YMPE.

The present value of liabilities for accrued benefits was determined using the projected benefit method prorated on service. The underlying basis for the net asset valuation is a five-year investment market smoothing. Actuarial liabilities and net assets reflect the following long-term actuarial assumptions:

- Annual investment return 7.0%
- Annual salary escalation rate 4.5%

It is required that extrapolations between valuations be calculated and one has been done to March 31, 2001 using the 2000 long-term assumptions. However, extrapolations are not reliable indicators of the next valuation results nor do they necessarily reflect the overall trend of results. Between valuations, actual wage increases, investment earnings and the incidence of retirements, withdrawals, etc. may vary significantly from the 2000 long-term assumptions used in the extrapolation. On that basis, the extrapolated surplus to March 31, 2001 is $102 million.

No unfunded liability exists for the Inflation Adjustment Account, since the obligation for future indexing benefits is limited to the amount of the available assets in the account.

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2001

8. RELATED PARTY TRANSACTIONS

a) Administration Costs

Administration costs include general administration costs and actuarial fees. General administration costs incurred by the Pension Corporation are prorated and charged to each pension plan under its administration based primarily on the relative numbers of members in each Plan. General administration costs include all salaries, WCB Pension Board expenses, and other operating and administration costs.

Total expenses of $345,967 for the year ended March 31, 2001 were paid by the Plan (2000 - $296,791).

b) Investment Management Costs

Investment management and custodial services are provided by the British Columbia Investment Management Corporation (bcIMC), which uses internal and external investment managers for this purpose.

Total investment management fees for the current year were $784,716 (2000 – $660,880).

c) Other

Separate from the pension plan, the WCB pays directly for the medical plan and extended health care premiums for retired members and their dependents. For the year ended March 31, 2001 this amounted to $575,371 (2000 - $501,103).

9. SUPPLEMENTAL BENEFITS ACCOUNT

The Supplemental Benefits Account provides for the payment and funding of supplemental benefits, such as contributions and pension benefits which exceed *Income Tax Act (Canada)* limits. Contributions and pension benefits which exceed *Income Tax Act (Canada)* limits are not significant to date.

10. COMMITMENTS

The Plan participates in the Private Placements pools managed by bcIMC, which are closed-end funds consisting primarily of investments in limited partnerships. As at March 31, 2001, the Workers' Compensation Board Pension Plan's share of commitments (over the next several years) for future investment in these pools is approximately $11.7 million.

11. FINANCIAL INSTRUMENTS

The Plan's investments are exposed to market risk due to changing market conditions. The Plan manages market risk by establishing and monitoring asset allocation strategies in accordance with asset mix guidelines set by the board of trustees and by diversifying investments within the various types of investments to control overall market risk.

The Plan's financial instruments consist of cash, investments, accounts receivable and accounts payable. It is the trustee's opinion that the Plan is not exposed to significant risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying value.